
UNAUDITED QUARTERLY FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 31 MARCH 2011

1(a)(i) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Group | | | Group | | |
|---|-------------------------|------------------------|------------------------------|-------------------------|------------------------|------------------------------|
| | 3 months ended 31 March | | | 9 months ended 31 March | | |
| | 3Q FY2011 \$'000 | 3Q FY2010 \$'000 | Increase/ (Decrease) % | 9M FY2011 \$'000 | 9M FY2010 \$'000 | Increase/ (Decrease) % |
| Shipbuilding | 55,563 | 66,806 | (16.8) | 158,145 | 239,178 | (33.9) |
| Shiprepair and conversion | 15,198 | 24,028 | (36.7) | 64,499 | 70,049 | (7.9) |
| Shipchartering and rental | 15,251 | 19,294 | (21.0) | 47,881 | 54,045 | (11.4) |
| Total revenue | 86,012 | 110,128 | (21.9) | 270,525 | 363,272 | (25.5) |
| Cost of sales | (75,584) | (95,897) | (21.2) | (234,575) | (317,037) | (26.0) |
| Gross profit | 10,428 | 14,231 | (26.7) | 35,950 | 46,235 | (22.2) |
| Other operating income | 4,456 | 2,129 | 109.3 | 10,308 | 6,691 | 54.1 |
| Administrative expenses | (2,212) | (2,752) | (19.6) | (6,895) | (7,630) | (9.6) |
| Other operating expenses | (658) | 622 | Nm | (2,302) | (723) | 218.4 |
| Finance costs | (2,095) | (2,021) | 3.7 | (6,284) | (5,568) | 12.9 |
| Share of results of jointly-controlled entity and associate | (15) | (318) | (95.3) | (232) | (596) | (61.1) |
| Profit before tax | 9,904 | 11,891 | (16.7) | 30,545 | 38,409 | (20.5) |
| Tax expense | (1,524) | (2,076) | (26.6) | (3,626) | (7,185) | (49.5) |
| Profit for the period | 8,380 | 9,815 | (14.6) | 26,919 | 31,224 | (13.8) |
| Attributable to: | | | | | | |
| Owners of the parent | 8,036 | 9,290 | (13.5) | 26,091 | 30,103 | (13.3) |
| Non-controlling interests | 344 | 525 | (34.5) | 828 | 1,121 | (26.1) |
| | 8,380 | 9,815 | (14.6) | 26,919 | 31,224 | (13.8) |

Nm: Not meaningful

1(a)(ii) A statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Group | | | Group | | |
|--|-------------------------|---------------|-------------------------|-------------------------|---------------|-------------------------|
| | 3 months ended 31 March | | | 9 months ended 31 March | | |
| | 3Q FY2011 | 3Q FY2010 | Increase/ (Decrease) | 9M FY2011 | 9M FY2010 | Increase/ (Decrease) |
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| Profit for the period | 8,380 | 9,815 | (14.6) | 26,919 | 31,224 | (13.8) |
| Translation differences relating to financial statements of foreign subsidiaries, net of tax | (599) | 382 | Nm | (4,473) | 279 | Nm |
| Share of other comprehensive income of jointly-controlled entity | (19) | (8) | 137.5 | (116) | (66) | 75.8 |
| Net fair value changes to cash flow hedges | 191 | 2,138 | (91.1) | 1,679 | 3,428 | (51.0) |
| Other comprehensive income for the period, net of tax | (427) | 2,512 | Nm | (2,910) | 3,641 | Nm |
| Total comprehensive income for the period | 7,953 | 12,327 | (35.5) | 24,009 | 34,865 | (31.1) |
| Attributable to: | | | | | | |
| Owners of the parent | 7,662 | 11,647 | (34.2) | 23,780 | 33,441 | (28.9) |
| Non-controlling interests | 291 | 680 | (57.2) | 229 | 1,424 | (83.9) |
| | 7,953 | 12,327 | (35.5) | 24,009 | 34,865 | (31.1) |

Nm: Not meaningful

1(a)(iii) Net profit for the period was stated after crediting/ (charging):-

| | Group | | Group | |
|---|-----------------------|------------------|-----------------------|------------------|
| | 3 months ended | | 9 months ended | |
| | 31 March | | 31 March | |
| | 3Q FY2011 | 3Q FY2010 | 9M FY2011 | 9M FY2010 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Allowance for impairment of doubtful trade receivables | (231) | (68) | (275) | (524) |
| Write back of allowance for impairment of doubtful trade receivables | 212 | 4 | 452 | 30 |
| Amortisation of lease prepayments | (51) | (49) | (150) | (149) |
| Bad debts written off | - | - | - | (2) |
| Depreciation of property, plant and equipment | (8,516) | (7,653) | (26,368) | (22,060) |
| Gain/ (Loss) on ineffective portion of cash flow hedges on forward currency contracts and interest rate swaps | 424 | (289) | 771 | (583) |
| (Loss)/ Gain on disposal of assets held for sale | (15) | 1,052 | 3,994 | 1,232 |
| Gain on disposal of property, plant and equipment | 4,366 | 789 | 6,049 | 2,913 |
| Interest income | 23 | 21 | 96 | 109 |
| (Loss)/ Gain on foreign exchange (net) | (639) | 689 | (2,475) | (225) |
| Property, plant and equipment written off | - | (3) | (5) | (3) |
| Overprovision/ (Underprovision) of tax in respect of prior years | | | | |
| - Current tax expense | 16 | (118) | 709 | (937) |
| - Deferred tax expense | - | - | - | 713 |

1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

| | Group | | Company | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 31-Mar-11 \$'000 | 30-Jun-10 \$'000 | 31-Mar-11 \$'000 | 30-Jun-10 \$'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 468,754 | 437,660 | - | 100 |
| Lease prepayments | 3,909 | 3,892 | - | - |
| Subsidiaries | - | - | 65,006 | 33,573 |
| Interest in jointly-controlled entity and associate | 1,477 | 1,825 | 1,558 | 1,558 |
| Other receivable | - | - | - | 2,203 |
| | 474,140 | 443,377 | 66,564 | 37,434 |
| Current assets | | | | |
| Inventories | 12,223 | 13,151 | - | - |
| Assets held for sale | 8,109 | 7,269 | - | - |
| Construction work-in-progress | 62,182 | 67,734 | - | - |
| Trade and other receivables | 101,673 | 113,961 | 3,462 | 3,133 |
| Amount due from related parties | 2,125 | 1,680 | 193,564 | 165,437 |
| Derivative financial instruments | 2,547 | 1,350 | - | - |
| Bank balances, deposits and cash | 73,231 | 90,090 | 312 | 510 |
| | 262,090 | 295,235 | 197,338 | 169,080 |
| Current liabilities | | | | |
| Trade and other payables | 121,247 | 135,581 | 662 | 1,166 |
| Progress billings in excess of construction work-in-progress | 19,649 | 40,548 | - | - |
| Amount due to related parties | 406 | 236 | 36,764 | 28,843 |
| Loan from non-controlling interests of subsidiaries | 3,213 | 2,080 | - | - |
| Trust receipts | 22,673 | 25,033 | - | - |
| Interest-bearing loans and borrowings | 73,523 | 51,070 | 33,100 | 11,025 |
| Derivative financial instruments | 2,047 | 3,564 | 463 | 368 |
| Current tax liabilities | 8,495 | 12,007 | - | - |
| | 251,253 | 270,119 | 70,989 | 41,402 |
| Net current assets | 10,837 | 25,116 | 126,349 | 127,678 |
| Non-current liabilities | | | | |
| Loan from non-controlling interests of subsidiaries | - | 1,469 | - | - |
| Interest-bearing loans and borrowings | 135,843 | 133,160 | 92,900 | 65,020 |
| Deferred tax liabilities | 9,970 | 9,747 | - | - |
| | 145,813 | 144,376 | 92,900 | 65,020 |
| Net assets | 339,164 | 324,117 | 100,013 | 100,092 |
| Share capital | 83,092 | 83,061 | 83,092 | 83,061 |
| Treasury shares | (923) | (923) | (923) | (923) |
| Reserves | 247,982 | 233,195 | 17,844 | 17,954 |
| | 330,151 | 315,333 | 100,013 | 100,092 |
| Non-controlling interests | 9,013 | 8,784 | - | - |
| Total equity | 339,164 | 324,117 | 100,013 | 100,092 |

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

| As at 31-Mar-11 | | As at 30-Jun-10 | |
|-----------------|-----------|-----------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| \$'000 | \$'000 | \$'000 | \$'000 |
| 31,257 | 64,939 | 39,070 | 37,033 |

Amount repayable after one year

| As at 31-Mar-11 | | As at 30-Jun-10 | |
|-----------------|-----------|-----------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| \$'000 | \$'000 | \$'000 | \$'000 |
| 40,632 | 95,211 | 68,160 | 65,000 |

Details of any collaterals

The Group's secured borrowings comprised term loans and finance leases which are secured by way of:

- Corporate guarantees from the Company and certain subsidiaries
- Legal mortgages of certain leasehold properties of subsidiaries
- Legal mortgages over certain vessels, plant and equipment of subsidiaries
- Assignment of charter income and insurance of certain vessels of subsidiaries

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Group 3 months ended 31 March | | Group 9 months ended 31 March | |
|---|-------------------------------------|---------------|-------------------------------------|---------------|
| | 3Q FY2011 | 3Q FY2010 | 9M FY2011 | 9M FY2010 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash flows from operating activities | | | | |
| Profit before tax | 9,904 | 11,891 | 30,545 | 38,409 |
| Adjustments for: | | | | |
| Amortisation of lease prepayments | 51 | 49 | 150 | 149 |
| Allowance for/ (Write back of) impairment of doubtful trade receivables (net) | 19 | 64 | (177) | 494 |
| Bad debts written off (non-trade) | - | - | - | 2 |
| Depreciation of property, plant and equipment | 8,516 | 7,653 | 26,368 | 22,060 |
| (Gain)/ Loss on ineffective portion of cash flow hedges on forward currency contracts and interest rate swaps | (424) | 289 | (771) | 583 |
| Loss/ (Gain) on disposal of assets held for sale | 15 | (1,052) | (3,994) | (1,232) |
| Gain on disposal of property, plant and equipment | (4,366) | (789) | (6,049) | (2,913) |
| Interest expense | 2,095 | 2,021 | 6,284 | 5,568 |
| Interest income | (23) | (21) | (96) | (109) |
| Property, plant and equipment written off | - | 3 | 5 | 3 |
| Reversal for warranty claims (net) | - | (130) | - | - |
| Share of results of jointly-controlled entity and associate | 15 | 318 | 232 | 596 |
| Operating profit before working capital changes | 15,802 | 20,296 | 52,497 | 63,610 |

Changes in working capital:

| | | | | |
|---|-----------------|---------------|---------------|---------------|
| Inventories | (1,925) | (1,614) | 928 | (304) |
| Construction work-in-progress and progress billings in excess of construction work-in-progress | (36,153) | 49,687 | (14,629) | 19,405 |
| Trade and other receivables | 10,088 | (19,305) | 12,475 | (39,192) |
| Trade and other payables | (4,392) | 6,121 | (9,625) | 22,336 |
| Balances with related parties (trade) | (64) | (234) | (266) | (727) |
| Bank balances, deposits and cash (restricted use) | 400 | (4,406) | (384) | (6,128) |
| Cash (used in)/ generated from operations | (16,244) | 50,545 | 40,996 | 59,000 |
| Tax paid | (671) | (3,011) | (7,006) | (5,385) |
| Net cash (used in)/ generated from operating activities | (16,915) | 47,534 | 33,990 | 53,615 |

Cash flows from investing activities

| | | | | |
|--|-----------------|-----------------|-----------------|-----------------|
| Interest received | 23 | 21 | 96 | 105 |
| Purchase of assets held for sale | - | (1,605) | - | (3,197) |
| Purchase of property, plant and equipment | (25,040) | (25,866) | (72,162) | (63,884) |
| Proceeds from disposal of assets held for sale | 408 | 6,372 | 9,260 | 6,985 |
| Proceeds from disposal of property, plant and equipment | 6,929 | 1,383 | 9,132 | 7,343 |
| Lease prepayments | (243) | - | (243) | - |
| Balances with related parties (non-trade) | (2) | (1) | (9) | 1 |
| Net cash used in investing activities | (17,925) | (19,696) | (53,926) | (52,647) |

Cash flows from financing activities

| | | | | |
|--|---------------|---------------|--------------|---------------|
| Interest paid | (2,090) | (2,010) | (6,269) | (5,535) |
| Dividends paid | - | - | (8,988) | (11,984) |
| Repayment of interest-bearing loans and borrowings | (11,317) | (8,149) | (35,428) | (31,092) |
| Proceeds from interest-bearing loans and borrowings | 53,000 | 55,793 | 56,440 | 97,356 |
| Proceeds from finance lease receivables | - | - | - | 411 |
| Proceeds from issue of shares | - | - | 26 | 8 |
| Proceeds from loan from non-controlling interests of subsidiaries | - | - | - | 289 |
| Repayment of trust receipts | (6,013) | (23,514) | (16,524) | (76,278) |
| Proceeds from trust receipts | 6,933 | 19,180 | 14,164 | 66,809 |
| Net cash generated from financing activities | 40,513 | 41,300 | 3,421 | 39,984 |

Net increase/ (decrease) in cash and cash equivalents **5,673** **69,138** **(16,515)** **40,952**

**Cash and cash equivalents at beginning of
period** **60,502** **66,459** **83,302** **94,775**

Effects of exchange rate changes on opening cash
and cash equivalents (116) 21 (728) (109)

Cash and cash equivalents at end of period **66,059** **135,618** **66,059** **135,618**

- 1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity for the period ended 31-Mar-11 and 31-Mar-10

| | | Attributable to owners of the parent | | | | | | | | |
|---|-------------------------|--------------------------------------|---|--|---------------------------|-------------------------------|--------------------------|-------------------------------------|------------------------|--|
| | Share capital \$'000 | Treasury shares \$'000 | Employee share option reserve \$'000 | Foreign currency translation reserve \$'000 | Hedging reserve \$'000 | Accumulated profits \$'000 | Total reserves \$'000 | Non-controlling interests \$'000 | Total equity \$'000 | |
| 9M FY2011 | | | | | | | | | | |
| At 1-Jul-10 | 83,061 | (923) | 5 | (55) | (967) | 234,212 | 233,195 | 8,784 | 324,117 | |
| Total comprehensive income for the period | - | - | - | (3,990) | 1,679 | 26,091 | 23,780 | 229 | 24,009 | |
| Dividends on ordinary shares | - | - | - | - | - | (8,988) | (8,988) | - | (8,988) | |
| Issue of shares under ESOS ¹ | 31 | - | (5) | - | - | - | (5) | - | 26 | |
| At 31-Mar-11 | 83,092 | (923) | - | (4,045) | 712 | 251,315 | 247,982 | 9,013 | 339,164 | |
| 9M FY2010 | | | | | | | | | | |
| At 1-Jul-09 | 83,051 | (923) | 7 | (96) | (2,393) | 208,910 | 206,428 | 6,487 | 295,043 | |
| Total comprehensive income for the period | - | - | - | 15 | 3,323 | 30,103 | 33,441 | 1,424 | 34,865 | |
| Dividends on ordinary shares | - | - | - | - | - | (11,984) | (11,984) | - | (11,984) | |
| Issue of shares under ESOS ¹ | 10 | - | (2) | - | - | - | (2) | - | 8 | |
| At 31-Mar-10 | 83,061 | (923) | 5 | (81) | 930 | 227,029 | 227,883 | 7,911 | 317,932 | |

¹ ASL Employee Share Option Scheme

Statement of Changes in Equity for the period ended 31-Mar-11 and 31-Mar-10

| Company | Share capital \$'000 | Treasury shares \$'000 | Employee share option reserve \$'000 | Hedging reserve \$'000 | Accumulated profits \$'000 | Total reserves \$'000 | Total equity \$'000 |
|---|---------------------------------|-----------------------------------|---|-----------------------------------|---------------------------------------|----------------------------------|--------------------------------|
| 9M FY2011 | | | | | | | |
| At 1-Jul-10 | 83,061 | (923) | 5 | (368) | 18,317 | 17,954 | 100,092 |
| Total comprehensive income for the period | - | - | - | (95) | 8,978 | 8,883 | 8,883 |
| Dividends on ordinary shares | - | - | - | - | (8,988) | (8,988) | (8,988) |
| Issue of shares under ESOS ¹ | 31 | - | (5) | - | - | (5) | 26 |
| At 31-Mar-11 | 83,092 | (923) | - | (463) | 18,307 | 17,844 | 100,013 |
| 9M FY2010 | | | | | | | |
| At 1-Jul-09 | 83,051 | (923) | 7 | (822) | 17,276 | 16,461 | 98,589 |
| Total comprehensive income for the period | - | - | - | 113 | 13,108 | 13,221 | 13,221 |
| Dividends on ordinary shares | - | - | - | - | (11,984) | (11,984) | (11,984) |
| Issue of shares under ESOS ¹ | 10 | - | (2) | - | - | (2) | 8 |
| At 31-Mar-10 | 83,061 | (923) | 5 | (709) | 18,400 | 17,696 | 99,834 |

¹ ASL Employee Share Option Scheme

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

| | Number of Ordinary Shares (excluding Treasury Shares) | ASL Employee Share Option Scheme ("ESOS") |
|-------------------------------|--|--|
| Balance as at 30-Jun-10 | 299,604,002 | 47,000 |
| Number of ESOS exercised | 47,000 | (47,000) |
| Number of bonus shares issued | 119,860,292 | - |
| Balance as at 31-Mar-11 | 419,511,294 | - |

On 29 December 2010, the Company issued a total of 120,577,892 new ordinary shares (including 717,600 shares for treasury shares), being bonus share issue on the basis of 4 bonus shares for every 10 existing ordinary shares. These bonus shares were listed and quoted on the Singapore Exchange Securities Trading Limited on 31 December 2010.

There was no outstanding share options granted under the ESOS as at 31 March 2011:

| Category | Vesting Period | Exercise Period | Exercise Price | ESOS outstanding as at 31-Mar-11 | ESOS outstanding as at 30-Jun-10 | ESOS outstanding as at 31-Mar-10 |
|-----------------|-----------------------|------------------------|-----------------------|---|---|---|
| Employees | 18-Dec-06 | 18-Dec-06 to 17-Dec-13 | \$0.55 | - | 47,000 | 47,000 |

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

| | As at 31-Mar-11 | As at 30-Jun-10 |
|---|------------------------|------------------------|
| Total number of issued shares | 422,022,894 | 301,398,002 |
| Total number of treasury shares | (2,511,600) | (1,794,000) |
| Total number of issued shares (excluding treasury shares) | 419,511,294 | 299,604,002 |

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

| | Number of Treasury Shares |
|-------------------------------|----------------------------------|
| Balance as at 30-Jun-10 | 1,794,000 |
| Number of bonus shares issued | 717,600 |
| Balance as at 31-Mar-11 | 2,511,600 |

1(e) Negative Assurance Confirmation on Interim Financial Results under Rule 705(4) of the Listing Manual

We, the undersigned, hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the third quarter and nine months ended 31 March 2011 to be false or misleading.

On behalf of the Board of Directors

Ang Kok Tian
Chairman and Managing Director

Ang Ah Nui
Deputy Managing Director

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies adopted and methods of computation in the preparation of the financial statements are consistent with those of the audited financial statements as at 30 June 2010 except in the current financial period, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 July 2010. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

| Earnings per ordinary share | Group | | Group | |
|--|----------------|------------------------|----------------|------------------------|
| | 3 months ended | | 9 months ended | |
| | 31 March | | 31 March | |
| | 3Q FY2011 | 3Q FY2010 Restated* | 9M FY2011 | 9M FY2010 Restated* |
| (i) On weighted average number of ordinary shares in issue | 1.92 cents | 2.21 cents | 6.22 cents | 7.18 cents |
| (ii) On a fully diluted basis | 1.92 cents | 2.21 cents | 6.22 cents | 7.18 cents |

* The earnings per ordinary share (basic and fully diluted basis) for 3Q FY2010 and 9M FY2010 have been restated taking into consideration the bonus share issuance on 29 December 2010

Note to item 6 (i):

The calculation of basic earnings per ordinary share for 3Q FY2011 is based on net profit attributable to shareholders of \$8,036,000 (3Q FY2010: \$9,290,000) and the weighted average of 419,511,294 (3Q FY2010: 419,445,494) ordinary shares in issue during the quarter.

The calculation of basic earnings per ordinary share for 9M FY2011 is based on net profit attributable to shareholders of \$26,091,000 (9M FY2010: \$30,103,000) and the weighted average of 419,473,111 (9M FY2010: 419,440,206) ordinary shares in issue during the period.

Note to item 6 (ii):

The calculation of fully diluted earnings per ordinary share for 3Q FY2011 is based on net profit attributable to shareholders of \$8,036,000 (3Q FY2010: \$9,290,000) and the weighted average of 419,511,294 (3Q FY2010: 419,464,603) ordinary shares in issue during the quarter.

The calculation of fully diluted earnings per ordinary share for 9M FY2011 is based on net profit attributable to shareholders of \$26,091,000 (9M FY2010: \$30,103,000) and the weighted average of 419,482,000 (9M FY2010: 419,462,323) ordinary shares in issue during the period.

**7. Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.**

| | Group | | Company | |
|------------------------------------|-------------|--------------|-------------|-------------|
| | 31-Mar-11 | 30-Jun-10 | 31-Mar-11 | 30-Jun-10 |
| Net asset value per ordinary share | 78.70 cents | 105.25 cents | 23.84 cents | 33.41 cents |

Note:

The calculation of net asset value of the Group and of the Company is based on 419,511,294 (30-Jun-10: 299,604,002) ordinary shares in issue.

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

REVIEW OF GROUP PERFORMANCE

9M FY2011 vs 9M FY2010

| Group | 9M FY2011 | | | 9M FY2010 | | | Variance | | | |
|---------------------------|-----------|--------------|---------------------|-----------|--------------|---------------------|----------|--------|--------------|--------|
| | Revenue | Gross Profit | Gross Profit Margin | Revenue | Gross Profit | Gross Profit Margin | Revenue | | Gross Profit | |
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % | \$'000 | % | \$'000 | % |
| Shipbuilding | 158,145 | 12,856 | 8.1 | 239,178 | 18,988 | 7.9 | (81,033) | (33.9) | (6,132) | (32.3) |
| Shiprepair and conversion | 64,499 | 12,047 | 18.7 | 70,049 | 14,570 | 20.8 | (5,550) | (7.9) | (2,523) | (17.3) |
| Shipchartering and rental | 47,881 | 11,047 | 23.1 | 54,045 | 12,677 | 23.5 | (6,164) | (11.4) | (1,630) | (12.9) |
| | 270,525 | 35,950 | 13.3 | 363,272 | 46,235 | 12.7 | (92,747) | (25.5) | (10,285) | (22.2) |

Revenue

Total group revenue for the 9 months ended 31 March 2011 ("9M FY2011") of \$270.5 million was 25.5% lower as compared to corresponding 9 months ended 31 March 2010 ("9M FY2010").

Shipbuilding revenue declined by \$81.0 million due to lower order book.

Shiprepair and conversion revenue was \$5.6 million lower mainly due to absence of larger ship conversion jobs undertaken in 9M FY2010.

Shipchartering revenue was \$6.2 million lower mainly attributed to weak demand for towing jobs. The Group's fleet size of 190 vessels as at 31 March 2011 (31 March 2010: 181 vessels) comprised of barges, towing tugs, Anchor Handling Tugs and other vessels.

Gross profit and gross profit margin

Total group gross profit declined by 22.2% in tandem with lower revenue.

Shipbuilding's gross margin of 8.1% and shipchartering's gross margin of 23.1% were comparable to 9M FY2010.

Shiprepair and conversion operations recorded a lower gross margin of 18.7% mainly attributed to pricing pressure.

Other operating income

Other operating income increased by \$3.6 million to \$10.3 million in 9M FY2011.

Other operating income comprised:

1. Gain on disposal of plant and equipment of \$6.0 million from the sale of 12 vessels to third parties (9M FY2010: \$2.9 million for 12 vessels);
2. Gain on disposal of vessels held for sale of \$4.0 million for a floating dock (9M FY2010: \$1.2 million);
3. Miscellaneous income of \$0.2 million (9M FY2010: \$2.5 million mainly due to forfeiture of deposit received); and
4. Interest income of \$0.1 million (9M FY2010: \$0.1 million).

Administrative expenses

Administrative expenses were \$0.7 million lower at \$6.9 million in 9M FY2011.

Other operating expenses

Other operating expenses increased by \$1.6 million to \$2.3 million in 9M FY2011.

Other operating expenses comprised:

1. Foreign exchange loss of \$2.5 million (9M FY2010: \$0.2 million) mainly attributed to unrealised foreign exchange losses arising from revaluation of foreign currency denominated assets and liabilities; and
2. Net write-back of allowance for impairment of doubtful trade receivables of \$0.2 million (9M FY2010: net allowance for impairment of doubtful trade receivables of \$0.5 million).

Finance costs

Finance costs of \$6.3 million were \$0.7 million higher mainly due to absence of capitalisation of \$0.7 million borrowing costs recorded in 9M FY2010. The Group hedges against interest rate fluctuations on its long-term borrowings by way of interest rate swaps.

Share of results of jointly-controlled entity and associate

The Group's share of loss of HKR-ASL Joint Venture Limited amounted to \$0.1 million (9M FY2010: \$0.1 million).

The Group's share of \$0.1 million loss from associated company, Fastcoat Industries Pte. Ltd. and its subsidiary; was \$0.4 million lower as compared to 9M FY2010.

Profit before tax

Profit before tax declined by 20.5% in tandem with lower gross profit.

Tax expense

The Group's tax expense was \$3.6 million lower in 9M FY2011. The Group recorded a lower effective tax rate of 14.1% (9M FY2010: 17.8%) mainly due to lower tax provision attributed to shipyard operations.

Non-controlling interests

Non-controlling interests' share of profits declined by \$0.3 million mainly due to lower charter earnings recorded by non-wholly owned foreign subsidiary.

Operating cash flow

The Group recorded a net cash inflow of \$34.0 million from operating activities in 9M FY2011 as compared to \$53.6 million in 9M FY2010. The decrease was mainly attributed to lower earnings, higher work-in-progress incurred for shipbuilding projects, higher payments on trade payables partially offset by higher receipts on trade receivables.

3Q FY2011 vs 3Q FY2010

| Group | 3Q FY2011 | | | 3Q FY2010 | | | Variance | | | |
|---------------------------|-----------|--------------|---------------------|-----------|--------------|---------------------|----------|--------|--------------|--------|
| | Revenue | Gross Profit | Gross Profit Margin | Revenue | Gross Profit | Gross Profit Margin | Revenue | | Gross Profit | |
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % | \$'000 | % | \$'000 | % |
| Shipbuilding | 55,563 | 4,225 | 7.6 | 66,806 | 5,146 | 7.7 | (11,243) | (16.8) | (921) | (17.9) |
| Shiprepair and conversion | 15,198 | 2,345 | 15.4 | 24,028 | 4,282 | 17.8 | (8,830) | (36.7) | (1,937) | (45.2) |
| Shipchartering and rental | 15,251 | 3,858 | 25.3 | 19,294 | 4,803 | 24.9 | (4,043) | (21.0) | (945) | (19.7) |
| | 86,012 | 10,428 | 12.1 | 110,128 | 14,231 | 12.9 | (24,116) | (21.9) | (3,803) | (26.7) |

Revenue

Total group revenue for the 3 months ended 31 March 2011 ("3Q FY2011") of \$86.0 million was 21.9% lower as compared to the corresponding period in FY2010 ("3Q FY2010").

Shipbuilding revenue declined by \$11.2 million due to lower order book.

Shiprepair and conversion revenue was \$8.8 million lower due to absence of larger ship conversion jobs undertaken in 3Q FY2010.

Shipchartering revenue declined by \$4.0 million due to lower vessel utilisation rate in 3Q FY2011.

Gross profit and gross profit margin

Total group gross profit was 26.7% lower as compared to 3Q FY2010. The decline was mainly due to lower gross margin of 15.4% recorded by the shiprepair and conversion operations whilst the gross margin of shipbuilding and shipchartering operations were comparable to 3Q FY2010.

Other operating income

Other operating income was \$2.3 million higher mainly due to higher gain on disposal of plant and equipment of \$3.6 million partially offset by lower other income of \$0.2 million and lower gain on disposal of vessels held for sale of 1.1 million recorded in 3Q FY2010.

Administrative expenses

Administrative expenses were \$0.5 million lower as compared to 3Q FY2010.

Other operating expenses

Other operating expenses were \$1.3 million higher mainly due to net foreign exchange loss of \$0.6 million recorded in 3Q FY2011 (3QFY 2010: net foreign exchange gain of \$0.7 million).

Finance costs

Finance costs were marginally higher by \$0.1 million in 3Q FY2011.

Share of results of jointly-controlled entity and associate

The Group's share of loss of HKR-ASL Joint Venture Limited amounted to \$32,000 (3Q FY2010: \$35,000).

The Group's share of profit of associated company, Fastcoat Industries Pte. Ltd. and its subsidiary was \$17,000 (3Q FY2010: share of loss of \$0.3 million).

Profit before tax

The Group's profit before tax of \$9.9 million was 16.7% lower as compared to 3Q FY2010.

Tax expense

The Group's tax expense was \$0.6 million lower in 3Q FY 2011 mainly attributed to lower earnings from shipyard operations.

Non-controlling interests

Non-controlling interests' share of profits declined by \$0.2 million mainly due to lower charter earnings recorded by non-wholly owned foreign subsidiaries.

Operating cash flow

The Group recorded a net cash outflow of \$16.9 million from operating activities in 3Q FY2011 as compared to the net cash inflow of \$47.5 million in 3Q FY2010. The decrease was mainly due to comparatively higher work-in-progress incurred on shipbuilding projects and higher payments on trade payables partially offset by higher receipts on trade receivables.

REVIEW OF FINANCIAL POSITION AS AT 31 March 2011

Non-current assets

Property, plant and equipment increased by \$31.1 million from \$437.7 million as at 30 June 2010 to \$468.8 million as at 31 March 2011. The increase was mainly due to acquisition of plant and equipment of \$76.3 million (inclusive of \$18.6 million for vessels, \$7.5m for leasehold property and building, \$3.6 million for plant and machinery and \$46.1 million for yard infrastructure development and vessels under construction) partially offset by disposal of plant and equipment with aggregate net book value of \$3.1 million, depreciation charge of \$27.1 million, transfer of vessel to assets held for sale of \$6.1 million and foreign exchange differences of \$8.9 million.

The Group's total depreciation charge was \$4.3 million higher as compared to 9M FY2010 mainly attributed to higher capital expenditure on vessel fleet and yard facilities.

Current assets

Current assets decreased by \$33.1 million from \$295.2 million as at 30 June 2010 to \$262.1 million as at 31 March 2011.

Inventories on raw materials (mainly steel) were \$0.9 million lower as at 31 March 2011.

Assets held for sale of \$8.1 million comprised mainly vessels held for sale as at 31 March 2011.

Trade receivables of \$81.4 million were \$14.2 million lower and other receivables of \$20.3 million were \$1.9 million higher as at 31 March 2011.

The amount due from related parties increased by \$0.4 million mainly due to higher amount due from the Group's associated company, PT. Fastcoat Industries.

The Group enters into "plain vanilla" forward contracts to hedge for future receipts or payments. The value of these derivative financial instruments assets increased by \$1.2 million mainly due to higher mark-to-market gains from foreign exchange forward contracts entered to hedge against foreign exchange rate fluctuations for trade receivables and payables.

Bank balances, deposits and cash of \$73.2 million included balances amounting to \$7.2 million of restricted use as at 31 March 2011 (\$6.8 million as at 30 June 2010).

Current liabilities

Current liabilities decreased by \$18.9 million from \$270.1 million as at 30 June 2010 to \$251.2 million as at 31 March 2011.

Trade and other payables decreased by \$14.3 million due to lower trade payables of \$13.7 million and other payables of \$0.6 million. Other payables comprised mainly payables for expenditure incurred on yard developments and purchase of vessels and deposits received on sale of vessels.

Current portion of interest-bearing loans and borrowings increased to \$73.5 million while borrowings under trust receipts decreased by \$2.4 million to \$22.7 million.

Derivative financial instruments liabilities decreased by \$1.5 million due to lower mark-to-market losses derived from interest rate swaps and foreign exchange forward contracts entered to hedge against foreign exchange rate fluctuations for trade receivables and payables.

The Group's net construction work-in-progress of \$42.5 million was \$15.3 million higher as compared to 30 June 2010. The increase in net construction work-in-progress was mainly attributed to higher work-in-progress incurred for shipbuilding projects.

Non-current liabilities

Non-current liabilities increased by \$1.4 million to \$145.8 million as at 31 March 2011 mainly due to higher interest-bearing loans and borrowings.

Total interest-bearing loans and borrowings increased by \$25.2 million to \$209.4 million as at 31 March 2011. The increase was mainly due to bonds issuance of \$50 million in March 2011 and other borrowings of \$10.6 million partially offset by redemption and repayment made of \$35.4 million during the period. The Group's gearing ratio maintained at 0.70 as at 31 March 2011 (30 June 2010: 0.66).

Deferred tax liabilities increased by \$0.3 million to \$10.0 million as at 31 March 2011.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

In line with the Group's announcement made on 18 August 2010 with respect to the financial year ended 30 June 2010, the Group had experienced continuous pricing pressure for its operations but had remained profitable in 9M FY2011.

The Group had on 11 February 2011 announced an outstanding delivery order of 13 vessels worth approximately \$101 million for its shipchartering operations. During 3Q FY2011, the Group had taken delivery of 4 vessels worth \$3 million.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

New shipbuilding orders remain slow and the Group expects the operating environment of the shiprepair and conversion segment to remain highly competitive, challenging profit level.

Barring any unforeseen circumstances, the Group expects to remain profitable for the financial year ending 30 June 2011.

Shipbuilding Operations

As at 31 March 2011, the Group has an outstanding shipbuilding order book from external customers of approximately \$218 million for 41 vessels with progressive deliveries up to first quarter of 2012. The order book comprised offshore support vessel, diving support vessel, tugs, self-propelled cutter suction dredgers, barges and other vessels.

Shipchartering Operations

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts. Approximately 11% of shipchartering revenue in 9M FY2011 was attributed to long term chartering contracts (meaning contracts with a duration of more than one year). As at 31 March 2011, the Group had an outstanding order book of approximately \$25 million with respect to long term shipchartering contracts.

The Group remains strategically committed to maximizing deployment, enhancing and renewing its fleet to better meet customers' needs. The Group's shipchartering operations currently have a total outstanding delivery order of 12 vessels worth approximately \$104 million comprising towing tugs, pipe-lay barge, ROV support vessel, Anchor Handling Towing/ Supply vessels, Anchor Handling Tugs and barges. These outstanding delivery orders are being built internally by the Group of which long term charter contracts have been secured for 2 vessels under construction.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No interim dividend has been declared for the period ended 31 March 2011.

BY ORDER OF THE BOARD

Ang Kok Tian
Chairman and Managing Director
9 May 2011